

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 L-03 DOE-15 SOE-02 AID-05
CIAE-00 COME-00 FRB-03 INR-10 NSAE-00 ICA-11
TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01
NSC-05 SS-15 STR-07 CEA-01 PA-01 /112 R

DRAFTED BY EB/ORF/FSE:PKBULLEN:CJR
APPROVED BY EB/ORF/FSE:RRMARTIN
L/EUR:JCROOK
EB/ORF:LRAICHT
EUR/CAN: MR. GARLAND
DOE/FERC:DADGER
DOE/IA:DALBERT

-----026277 051400Z /47

P 051352Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY OTTAWA PRIORITY

C O N F I D E N T I A L STATE 114691

E.O. 11652: GDS

TAGS: ENRG, CA

SUBJECT: ALCAN GAS PIPELINE: STEEL PIPE CONTRACTING

REF: OTTAWA 2084

1. WE ARE DISTURBED BY REPORT IN REFTEL THAT FOOTHILLS
PIPE LINES IS CONSIDERING NEGOTIATING FOR PIPE WITH
CANADIAN STEEL COMPANIES INSTEAD OF CALLING FOR
INTERNATIONAL BIDS. HENCE REQUEST EMBASSY SPEAK WITH
APPROPRIATE GOC OFFICIALS AND ALSO INFORM OFFICE OF
THE NORTHERN PIPELINE COMMISSIONER (MITCHELL SHARP)
OF U.S. VIEWS AS DESCRIBED BELOW.

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-- WE HAVE NOTED PRESS REPORTS THAT FOOTHILLS IS
CONSIDERING NEGOTIATING FOR PIPE WITH CANADIAN STEEL
COMPANIES INSTEAD OF CALLING FOR INTERNATIONAL BIDS.
WE TRUST THAT THESE PRESS REPORTS ARE UNFOUNDED, BECAUSE
SUCH A PROCEDURE WOULD RAISE SERIOUS QUESTIONS ABOUT
CANADA'S COMMITMENT TO THE SPIRIT OR LETTER OF ARTICLE
SEVEN OF THE PIPELINE AGREEMENT.

-- AS YOU KNOW, WE FAVOR A BID SYSTEM AS THE BEST MEANS
OF ENSURING THAT THE REQUIREMENT FOR GENERALLY
COMPETITIVE CONDITIONS IS MET. CANADIAN FIRMS SHOULD

HAVE NO TROUBLE COMPETING, IN VIEW OF THE DEVALUATION OF
THE CANADIAN DOLLAR AND THEIR CONSIDERABLE TRANSPORTATION
ADVANTAGE.

-- IN GENERAL, WE WILL NEED TO HAVE TIMELY INFORMATION
ON CONTRACTING DEVELOPMENTS, IN ORDER TO BE ASSURED THAT
CONTRACTS ARE LET UNDER GENERALLY COMPETITIVE CONDITIONS.
THIS SHOULD INCLUDE BEING INFORMED IN ADVANCE OF
PROSPECTIVE CALLS FOR BIDS OR OTHER ACTION ON MAJOR
ELEMENTS. CHRISTOPHER

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Message Attributes

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Concepts: STEEL, PETROLEUM PIPELINES, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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